

# SENATE RECORD VOTE ANALYSIS

104th Congress  
2nd Session

Vote No. 150

May 23, 1996, 2:28 p.m.  
Page S-5515 Temp. Record

## BUDGET RESOLUTION/Chafee-Breaux Bipartisan Substitute Amendment

**SUBJECT:** Senate Concurrent Budget Resolution for fiscal years 1997-2002 . . . S. Con. Res. 57. Chafee/Breaux et al. substitute amendment.

**ACTION: AMENDMENT REJECTED, 46-53**

**SYNOPSIS:** As reported, S. Con. Res. 57, the Concurrent Budget Resolution for fiscal years 1997-2002, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 6 years to below the rate of growth in revenue collections. The rate of growth in entitlements such as Medicare, Medicaid, the Aid to Families with Dependent Children program, and the Earned Income Credit will be slowed. No changes will be made to the Social Security program, the spending for which will grow from \$348 billion in FY 1996 to \$467 billion in FY 2002. Defense spending will be essentially frozen at its present level.

**The Chafee/Breaux et al. substitute amendment** would balance the budget by FY 2003. The amendment was developed by a bipartisan group of Senators comprised of 11 Republicans and 11 Democrats. Details include the following:

- the consumer price index would be reduced by .5 percent, for a 7-year savings of \$126 billion and for a 6-year extension of solvency for Social Security;
- \$130 billion in tax relief would be provided, including a \$250 per child tax credit (\$67 billion), a reduction in the capital gains tax, and penalty-free investment retirement account withdrawals for education;
- Medicare reforms would be enacted that would result in \$154 billion in savings;
- Medicaid reforms would be enacted that would result in \$62 billion in savings;
- welfare and earned income credit reforms would be enacted that would result in \$58 billion in savings; and
- domestic discretionary spending would be reduced by less than proposed in either this budget resolution or in the President's proposed budget.

**Those favoring** the motion to table contended:

(See other side)

YEAS (46)		NAYS (53)		NOT VOTING (1)	
Republicans (22 or 42%)	Democrats (24 or 51%)	Republicans (30 or 58%)	Democrats (23 or 49%)	Republicans (1)	Democrats (0)
Bennett	Akaka	Abraham	Lott	Baucus	
Brown	Bingaman	Ashcroft	Mack	Biden	
Campbell	Boxer	Bond	McCain	Bumpers	
Chafee	Bradley	Burns	McConnell	Byrd	
Coats	Breaux	Coverdell	Murkowski	Daschle	
Cochran	Bryan	Craig	Nickles	Dodd	
Cohen	Conrad	Domenici	Pressler	Dorgan	
D'Amato	Feinstein	Gramm	Roth	Exon	
DeWine	Graham	Grams	Shelby	Feingold	
Faircloth	Inouye	Grassley	Smith	Ford	
Frist	Johnston	Helms	Stevens	Glenn	
Gorton	Kerrey	Hutchison	Thomas	Harkin	
Gregg	Kohl	Inhofe	Thompson	Heflin	
Hatch	Leahy	Kempthorne	Thurmond	Hollings	
Hatfield	Levin	Kyl	Warner	Kennedy	
Jeffords	Lieberman			Kerry	
Kassebaum	Moynihan			Lautenberg	
Lugar	Murray			Mikulski	
Santorum	Nunn			Moseley-Braun	
Simpson	Pell			Rockefeller	
Snowe	Pryor			Sarbanes	
Specter	Reid			Wellstone	
	Robb			Wyden	
	Simon				

### EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

### SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

## Argument 1:

This balanced budget amendment is honest, it is responsible, it compromises fairly between Republican and Democratic priorities, and it has no chance of being adopted. The centerpiece of the plan is the change in the CPI. In 1997, that change would reduce the size of senior citizens' Social Security checks by \$7. We find that number to be extremely interesting. Last year, the difference between the Republicans' plan for saving Medicare and the President's plan was that same amount, and Republicans were savaged over that \$7 difference. The President, and senior citizens groups, did not look for a compromise--they demagoged it as though it were the end of the world. Republicans gave President Clinton a balanced budget reconciliation bill to sign last year, he vetoed it, and he never offered a credible alternative. Republicans offered proposal after proposal to trim back their reforms and increase spending, but the President would not agree to anything. He found that simply saying "no" to Republican proposals improved his polling numbers, and he refused to put politics ahead of fiscal sanity. In this election year especially, we ask our colleagues on what basis do they suppose President Clinton is now ready to compromise? Without the President, we are just blowing smoke, because if he vetoed any reconciliation bill from Congress nearly every Member of his party, including most if not all of the Democratic Senators who are supporting this amendment, would find some excuse for backing his veto. Nothing in all our years in the Senate would make us happier than to be proven wrong. If President Clinton were to say tomorrow that he was ready to accept this compromise budget we could well have a real breakthrough in balancing the budget and ending the threat posed to this country by the growth in entitlement spending. That initiative is going to have to come from the President. Anyone who thinks otherwise is just kidding him- or herself. We salute our colleagues for their courage and responsibility in submitting this alternative, but we submit that it is unrealistic absent any sign of willingness to compromise from the White House, and we therefore must oppose it.

## Argument 2:

We agree that there is much to commend in this proposal, and we think it may well serve as a starting point for negotiations, but we cannot support it because of its proposed change in the CPI. Changing the CPI is the heart of this proposal, and it is a heart without a heart because it would effectively cut Social Security benefits. We favor balancing the budget, but we do not favor balancing it on the backs of the frail elderly and the disabled who rely on Social Security. Further, we are certain that the President shares our concern. Still, we, like the President, are always willing to negotiate. Our Republican colleagues complain about the President's unwillingness to compromise. In our view, it is they who are being intransigent. Last year they gave him an extreme proposal, which he vetoed, and this year they are again designing an extreme proposal that he will be forced to veto. We are willing to compromise, and we are willing to use this bipartisan substitute as the starting point for negotiations, but we must urge that it be tabled because of its reduction in the CPI.

**Those opposing the motion to table contended:**

We begin by paying tribute to Senators Domenici and Exon, the Chairman and ranking Member of the Budget Committee, for their long commitment to fiscal responsibility. They each have their partisan views, as they should, and, over the years, depending on which party has been in the majority, the budget resolutions that have been adopted have largely reflected either the views of Senator Domenici or Senator Exon. Though they have differed on priorities, they have been similar in their determination to lower deficit spending. Both Senators have tempered the spending interests of Members in their own parties who sit on authorizing committees. Those Members see very clearly the need for greater spending in the particular areas that they cover, but they often do not have a broad view of the budget implications of greater spending.

This budget resolution is no different than previous budget resolutions. It reflects the partisan priorities of Senator Domenici and his fellow Republicans. It balances the budget by enacting overdue reforms in welfare, Medicaid, and Medicare, by reducing domestic discretionary spending slightly, and by holding defense spending at its current level for the next 6 years. The resolution also, without hurting efforts to balance the budget, will provide for family tax relief by passing a \$500 per child tax credit.

These priorities are unacceptable to President Clinton and to most Democrats. Democrats would like to spend more on all of the above listed spending items except for defense, which they would like to cut even more, they would like to reduce or get rid of the family tax relief, and they would like to increase tax collections by eliminating existing deductions and by extending expiring taxes, but all of the proposals they have made are not too far off the proposals on which this resolution is based. In most cases, they agree with Republican priorities, such as the need to reform Medicaid and welfare, but they think that the Republican proposals move too far too fast, and will thus cause hardship for needy Americans. The two parties are not really very far apart, but the rhetoric has been heated and no agreement has been reached.

Last year, Republicans forced through Congress the changes they would like to enact without the support of Democrats. President Clinton vetoed those changes. Many Senators thought that a compromise would then be reached between the President and congressional Republicans, but it was not. We are not here to assign blame; suffice it to say that an agreement was not reached after lengthy negotiations. Spending was reduced substantially on appropriations bills, which was a first-ever in the modern era, but the

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budget stayed out of balance because of entitlement spending. Entitlement spending is growing uncontrollably, not appropriations spending. Reducing appropriations helped, but it was only a stop-gap means of staving off slightly the disaster that is approaching from entitlement growth.

This year it looks as though we are on the same path. The President's budget has been supported by Democrats and opposed by Republicans; when this budget passes, it will be supported by Republicans and opposed by Democrats. We are, in fact, going through something of a charade in even considering this budget resolution, because Senate and House Republicans have already been holding discussions on what will be in the conference report. In the end, the President is likely to be given a take-it-or-leave-it reconciliation bill that reflects only Republican priorities, and, in a presidential year especially, he will likely leave it. Last year a compromise was not reached, so this year we do not expect any different result.

In an effort to break the stalemate, a bipartisan group of Senators has developed this alternative budget. On entitlement spending issues (Medicare, Medicaid, welfare, and the earned income credit), it will essentially split the difference between the Republicans' proposals in this resolution and the President's proposals. On taxes, it will give a \$250 per child tax credit instead of a \$500 per child tax credit. On domestic discretionary spending, though, it will be much more realistic than either the Republicans' or the President's proposals, both of which call for spending cuts, especially in the outyears, that we doubt that any Congress or President will be willing to make.

This higher spending would be possible because of the key reform of this proposal, which is to adjust the CPI downward by .5 percent. We have yet to find any economists who do not believe that the CPI is overstated. The Boskin Commission, which was established by the Senate Finance Committee, reported that the overstatement ranges from .7 percent to 2 percent. Most of the estimates we have seen are that it is overstated by at least .5 percent. The CPI is used to determine cost-of-living adjustments (COLAs) for Federal benefits. If it is overestimated by 1 percent, then everyone who receives benefits gets 1 percent more money than they are entitled to receive under law. Further, each year the problem compounds, as future increases are based on prior year overpayments. The overstatement in the CPI is one of the driving forces behind Social Security's approaching insolvency problem. By making this change, to correct an error that no economist whom we have consulted denies exists, Social Security will remain solvent for 6 more years.

The need for coming to a balanced budget agreement that honestly addresses the growth in entitlement spending cannot be overstated. Without entitlement reforms, by 2006, Social Security, Medicaid, Medicare, Federal retirement, and interest on the debt will consume nearly all Federal revenues. By 2012, they will consume all revenues. By 2030, Social Security, Medicaid, Medicare, and Federal retirement alone will consume every penny in revenue collected. In the year 2002, the United States will have a \$6.4 trillion debt. In the next 15 years that debt will double to a \$15 trillion debt, and in the year 2025 alone it will increase by \$2 trillion. By 2013, Social Security outlays will exceed Social Security revenues. In the year 2030, when all of the baby boomer generation will have reached retirement, Social Security alone will have a \$766 billion per year deficit. Most of these horrific milestones will never be reached, of course, because at these spending rates the United States will be bankrupt many years earlier. Every year we put off addressing these problems they compound. We do not want this year to be another wasted year. We have a strong, bipartisan base of support for this amendment already. If our colleagues will stop being intransigent, insisting on getting all of their priorities or nothing, we can, and should, pass this amendment unanimously. This action will put great pressure on the House to follow suit. We are confident that President Clinton will then endorse it as well. He may ask for minor changes, but will not go against the will of both parties. A lot hinges on this vote. This amendment gives Senators their best chance of enacting comprehensive entitlement reforms this year. We urge them not to let this chance slip away. We urge them to support the Chafee/Breaux amendment.